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UNCLAS SECTION 01 OF 02 BRASILIA 003095

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E.O. 12958: N/A

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SUBJECT: BRAZIL: 2004 ANNUAL TERRORISM REPORT

Ref: State 245841

PATTERNS OF GLOBAL TERRORISM

1. (U) Triborder Area (Argentina, Brazil, and Paraguay)

(Please review with submissions from other TBA posts.)
The Triborder area (TBA) -- where Argentina, Brazil, and Paraguay converge -- has been characterized as a regional hub for Hizballah and HAMAS fundraising activities. However, the region more widely known as a center for arms and drug trafficking, contraband smuggling, document and currency fraud, money laundering, and the manufacture and movement of pirated goods. Although there continued to be reports during 2004 of an al-Qaida presence in the TBA, these reports remained uncorroborated by intelligence and law-enforcement officials.

2. (U) In December 2004, senior level U.S. officials attended a meeting in Asuncion, Paraguay, of the Tripartite Commission of the Triple Frontier, a security mechanism established by the three TBA countries in 1998. The "Three Plus One" group (the three TBA countries plus the United States) serves as a continuing forum for fostering cooperation and terrorism prevention among the four countries. Participants concluded that available information did not substantiate allegations of operational activities by terrorist groups in the TBA at the present time. International terrorist financing and money laundering with roots in the TBA remain an area of heightened concern. The parties agreed to conduct a concerted effort to foster legitimate economic activity in the TBA.

3. (U) Brazil continues to extend practical and effective support for US counter-terrorism efforts. For example, the Government of Brazil diligently pursues investigative leads provided by US intelligence, law enforcement, and financial agencies regarding terrorist suspects.

4. (U) Although the Government of Brazil is committed to the fight against terrorism, lack of resources and inadequately trained personnel hampers its response. The United States continues to work with Brazil in several bilateral, multilateral, and international forums to identify groups and individuals suspected of possible links to terrorist groups. Specialists from the United States work with elements of the Brazilian Government responsible for combating terrorism, including the Federal Police and the Brazilian Intelligence Service. Brazil is increasingly capable of monitoring domestic financial operations and effectively utilizes its Financial Activities Oversight Council (COAF) to identify possible funding sources for terrorist groups. Recent bilateral assistance and training provided by the USG to COAF emphasized upgrades to its database and data collection mechanism. In January 2005, the Brazilian Federal Police will inaugurate a Regional Field Office in Foz do Iguacu, Parana, to coordinate its intelligence and enforcement efforts in the TBA.

5. (U) Since taking office in January 2003, Brazilian President Ignacio Lula da Silva has vigorously condemned terrorism. The Lula administration, however, does not acknowledge the presence of terrorist groups on Brazilian soil and insists that no identifiable terrorist incidents have occurred in the country. In 2003, the Brazilian Chamber of Deputies passed a bill on cyber-crime aimed at preventing terrorist hack attacks, however the bill continues to languish in the Brazilian Senate.

6. (U) There are no significant impediments to the prosecution or extradition of suspected terrorists by Brazil, although Brazil's legal procedures are often tedious and protracted. Brazilian law prohibits the extradition of Brazilian citizens and allows only very measured and careful consideration for the extradition of naturalized citizens (for previous crimes and drug trafficking only) and foreigners (for all but ideological or political crimes).

7. (U) After extensive legal maneuverings, Brazil extradited Assad Ahmad Barakat to Paraguay in November 2003. Throughout the case, Brazilian extradition procedures were followed rigorously. Barakat, a naturalized Paraguayan of Lebanese origin who had lived in the TBA for approximately seven years, was suspected of

involvement in political and financial activities supporting Hizballah organizations. He was arrested on a Paraguayan extradition request in June 2002 by Brazilian authorities. In 2004, Barakat was convicted in Paraguay of tax evasion and sentenced to 6 years of prison. However, given his time served in Brazil and anticipated early release for good behavior, Barakat could be free within two years. He is currently appealing this sentence.

18. (U) In May 2004, the Government of Brazil at the initiative of the Chief of the Presidency's Institutional Security Office created a technical team composed of representatives from five key ministries and the three branches of the Armed Forces to formulate a national policy to combat terrorism. The group delivered to the President its recommendations which will serve as the basis for a bill the Lula administration intends to submit to the Brazilian Congress. This bill will call for the establishment of a national authority for combating terrorism.

19. (U) In November 2004, at the Sixth Conference of Defense Ministers of the Americas, Brazil declined to support the U.S. proposal to reorganize and restructure the Inter-American Defense Board as a tool for coordinating regional counter-crime and counter-terrorism efforts. Brazil is reluctant to tamper with the mandate of the IADB.

10. (U) In November 2004, President Lula and Russian Federation President Vladimir V. Putin issued a joint declaration calling for compliance with United Nations Resolutions 1540 and 1566. These resolutions deal with the prevention of access to weapons of mass destruction by non-state agents and with the threats to international peace and security raised by terrorism. President Lula also declared himself in favor of entering negotiations on a Universal Convention on International Terrorism and the International Convention to Fight Acts of Nuclear Terrorism, all within the framework of the United Nations. Brazil has signed all of the twelve current UN conventions on terrorism and is a party to nine.

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